

17.10.00.00 - FEDERAL REIMBURSEMENT REQUIREMENTS

17.10.01.01 Introduction

Federal funds may participate in capital outlay costs made by LPAs for real property purchases or interests therein acquired in accordance with applicable state and federal law and FHWA regulations. Federal funds may not participate in the costs of real property not incorporated into the final highway right of way.

LPAs claim reimbursement for authorized expenditures through the Department. This is accomplished through the Department's current billing system. The project claims are entered into Department's accounting system and become part of the current bill submitted to FHWA. Whenever possible, reimbursement for final right of way costs should be claimed at the time they are known rather than waiting for final project costs. All capital outlay costs must be charged to a specific project. In order to meet FHWA requirements, capital right of way costs must be recorded in sufficient detail to determine eligibility. This includes transactions for land, improvements, damages, utility relocation, demolition and clearance, relocation assistance, condemnation deposits, and income and expense relating to sale of improvements.

17.10.01.02 Eligible Right of Way Costs

The right of way property lines determine the eligibility for acquisition costs. Generally, costs for parcels inside the right of way lines are eligible; those outside are ineligible. Exceptions must be dealt with on an individual basis: e.g., an improvement straddling the right of way line would be eligible for reimbursement.

FHWA no longer requires reimbursement of the federal share of proceeds from the sale of excess real property. Local Public Agencies shall use these funds for subsequent Title 23 (US Code) projects. Excess real property is considered Highway assets under Title 23.

NOTE: Where State funds participate in right of way acquisition, either on or off the State Highway System, the proportionate share of proceeds from the sale of excess real property shall be returned to the Department. The LPA shall contact the Department's Right of Way Liaison in their area prior to the sale of excess property.

17.10.01.03 Authorization Procedures

Federal participation in right of way costs requires authorization from FHWA.

Authorization is the Approval to Proceed with Right of Way Work (preliminary engineering, appraisals, acquisitions, etc.), which is given with approval of the "Request for Approval to Proceed" (E-76). Initiation of acquisition (first written offer) cannot begin until the E-76 has been approved by FHWA. Although costs are eligible for reimbursement and they have been obligated, they cannot be reimbursed until further authorization is received from FHWA. There may be more than one E-76 (e.g., appraisals only, and the acquisition and RAP later).

The District Local Assistance Engineer (DLAE) is responsible for obtaining these authorizations, with input from the LPA and the R/W Coordinator where necessary.

NOTE: The authorization procedures are discussed in considerable detail in Chapter 3, Project Authorization, in the *Local Assistance Procedures Manual*.

17.10.01.04 **Reimbursement Procedures**

The LPA submits progress payment invoices directly to Local Programs Accounting in the HQ Accounting Service Center. When project funds have been used for the acquisition of right of way, the Final Invoice with the Final Report of Right of Way Expenditures and a copy of the Closing Escrow Statement are sent to the DLAE for review and approval. They are then forwarded to Local Programs Accounting in HQ for payment. The payment process is discussed in considerable detail in Chapter 5, Accounting/Invoices, in the *Local Assistance Procedures Manual*.

17.10.02.01 **Processing of Audits**

If some right of way issue has surfaced during the course of the project, R/W is notified and asked to resolve the findings with the LPA. If there have been no such issues, a project-specific audit is not requested through Caltrans Audits and Investigations. Instead, the Right of Way portion of the audit is waived by the Audits Office through the Single Audit waiver process. (See below.)

17.10.02.02 **Project Completion and Audits**

LPAs are responsible for establishing and maintaining records of project expenditures and reimbursements. Upon completion of a project, the LPA is responsible for preparing a final expenditure report for submittal to the Department.

LPAs receiving federal funds are subject to audit requirements of the Federal Office of Management and Budgets' (OMB) Circular A-133. A single audit is required if an entity annually receives more than \$300,000 in federal funds. LPA project expenditures are subject to audits by the State Controller's Office and by Caltrans Audits and Investigations. Normally, project audits are not necessary if expenditures for a project are covered by the appropriate federal agency.

17.10.03.01 **Final Vouchering**

The last phase of a federal-aid participating project is final vouchering and closing the project. After the project has been completed, a final voucher must be prepared by the LPA and submitted to the FHWA. The Final Invoice, Final Detail Estimate, Final Right of Way Invoice, and the Final Report of Right of Way Expenditures are used as the basis for the total and participating final voucher costs which are submitted to FHWA.

17.10.04.01 **Record Retention**

Records pertaining to the federal-aid highway program shall be retained for a minimum period of three years after receipt of final payment by the LPA.

17.10.05.01 **Financial Sanctions**

The FHWA may withhold federal financial assistance if the certifying LPA fails to comply with the applicable State law and regulations implementing other provisions of the Uniform Act. FHWA will notify the Department at least 15 days prior to any decision to withhold funds pursuant to 49 CFR 24.603(b).